

# *2016 Town Budget*

## *Recommendations and Comments*



Advisory Budget Committee

*Monday, February 1, 2016*

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To the Members of the Select Board, Town Administrator  
Moultonborough Town Hall  
Moultonborough, New Hampshire 03254

The ABC has completed its review of the 2016 proposed Town Budget. The Committee began its comprehensive review of the 2016 budgets with a full roster of delegates. During the year we welcomed Cody Gray to fill the open member at large position and Amanda Bergquist became chair. We continue to support and review opportunities to enhance services and consolidate operational efficiencies for the Town of Moultonborough as a whole. Of continued and growing concern to the Committee are the number and potential dollar impact of the various programs currently being promoted throughout the Community. In addition, the Committee continues to express concern related to the changing town demographics. School enrollment has had a slight decline from 521 to 520 at present.

**The following report represents our independent opinions and suggestions of the majority of the Advisory Budget Committee Members. We note that selected opinions expressed in this report do not carry 100 % Committee support. Any opinions and suggestions offered by the ABC represent our best efforts to maximize efficiencies, spending power and to consolidate redundancies between the various elements of Town-wide Administration (Town, Library, and School). Our suggestions and opinions should not be viewed as a negative reflection of the dedicated work done by the Select Board Members, Town Administrator and Town Administrative Staff.**

#### **Budget Summary:**

The proposed Town Budget for 2016 (including capital, net of Highway Block Grant, \$130,000 and \$673,200 of withdrawals fund balance, \$ 60,294 of Hearts and Flowers, and \$536,240 for Library) represents \$9,360,506 as compared to \$9,381,718 for the prior year 2015 representing a decrease of approximately \$21,212 (.23%). The ABC notes that this is the *eight*th consecutive year that the town budget has experienced a zero to nominal increase without compromise to long term investment plans in plant and equipment and ongoing maintenance programs.

The departmental operating budgets (excluding capital) project expenditures of \$7,594,327 for 2016 as compared to \$7,692,968 for 2015, representing a decrease of \$98,641 (1.3%).

The proposed departmental operating budgets include expense increases of \$17,000 to cover increased costs related to elections, a \$10,000 increase for Developmental Services, and \$10,000 for Fire. The increases are offset by a \$18,000 reduction in general liability insurance, a reduction of \$26,000 in Human Services, \$15,000 reduction in the Executive Office, \$6,200 in the Tax Collectors budget, \$6,000 for DPW-Facilities and a \$16,000 reduction in Police. In addition, Recreation is projecting a \$47,000 reduction in their operating budget due to allocation of partial salaries and benefits of full time staff to the Recreation Revolving Fund.

Estimated budget revenues for 2016 are \$2,500,060 versus a 2015 budget of \$2,299,860.00. All revenue lines were reviewed and appear reasonable. Some lines are estimated on the low side.

#### **OBSERVATIONS & COMMENTS:**

The ABC would like to draw attention to the efforts undertaken this year by the Select Board, Town Administrator and Staff for their efforts to organize and coordinate programs to assess actual needs and formally begin the planning process for several of the major issues in Moultonborough that have been under discussion at various levels of intensity over the past few years. Specifically, the Moultonborough Village Vision Committee is tasked with providing both short and long range plans for direction and revitalization of the downtown Village District. A Broadband Working Group along with assistance from a team of specialists at the University of New Hampshire has assessed the requirements for expanding broadband services to the unserved and underserved areas of Moultonborough. The compiling of information provided to the citizens about the potential of adding a Community space for the Town of Moultonborough. In addition, a group of citizen volunteers began work on the reclamation of the States Landing Beach area. New tax software has been implemented which will facilitate electronic billing and on line inquiry access and automated invoicing for multi-owner properties.

The ABC provides additional observations and comments on the following issues, some of which are repetitive from prior reports. It is the belief of this Committee that they are still valid and ongoing concerns:

- **Technology** –At this time the ABC Committee feels that it is more important for the town to focus on upgrading the town’s internet / broadband technology to fiber optics. This would enable more residence and potentially encourage more home owners to live here year round allowing for the potential to work from home. This would definitely be a great selling point for this community. If done in conjunction with the school there is potential for cost savings.

The ABC still recommends that the Town consider consolidating all technology purchases and service under one contract. A set of standards should be developed for all computer purchases. A contract consolidating all purchases and service should be put out to open bid on a periodic rotation. A Capital Reserve Fund has been set up and started to move forward with consolidations of technology in the town. The committee notes that technology professionals are not inexpensive.

- **Fund Balance** –DRA recommends that local communities maintain an unassigned fund balance in the range of 8% -17%. The Town voted in 2015 to raise the minimum level of unassigned reserved fund balance from 11.5. % to 12.5%. The ABC is support of the 12.5% Fund Balance Reserve level. The target fund balance reserve is calculated by dividing the unassigned fund balance at year end of a given year by the total of the annual gross appropriations or levies upon the community to include Town, County, School District, and state-wide Education Property for the current fiscal year. Any amounts that are above this calculation may be considered excess. At 12/31/2015 the Estimated Unassigned Fund Balance for Moultonborough was approximately \$5,904,628. This represents a 24 % target level. Administration has taken steps in preparing the 2016 Budget to utilize a portion ( \$673,200) of the excess as follows:

\$251,700 for Capital improvements  
\$251,500 for Increases to capital reserve Funds  
\$30,000 to establish and fund Information Technology Capital Reserve  
\$125,000 to establish and fund States Landing Improvements CRF  
\$15,000 Interest on Bond re: Community Center

The Committee recommends that Administration continue to look for one-off opportunities to reduce and maintain the Unassigned Fund Balance at the 12.5% target level.

- **Recreation Budget** –The Recreation department operating budget shows a reduction of about \$45,000 to come more in line with past years expended amounts; this includes transferring a portion of salaries to

the revolving fund to help reduce balance carried from year to year. The committee commends the recreation department efforts.

- **Transfer Station** – During 2008/2009 the Municipal Building Needs Committee underwent a review of the transfer stations operations (including “single Stream recycling”). And again in 2014/2015 a committee reviewed the process and impact of implementing “single Stream recycling”. As a result of the review, changes have begun to update the facility to except single Stream recycling, not only is this more efficient and cost effective, the reduction of our footprint as a community is a great example to the younger generations. The ABC has fully supported this change.
- **Health Benefits:** The ABC requests that the Town continue to undergo competitive analysis of its current “Benefits” package that covers both contractual and non-contractual positions. The ABC requests the Town specifically continue the focus on employee/employer benefit contribution rates and continue to seek alternatives for reducing the overall cost of health benefits while continuing to provide competitive coverage to its employees. The excess tax “Cadillac Tax” is still a possibility in the future
- **Succession Planning and Career Development** – The Committee notes that in the ensuing years several of the Town’s senior managers (elected and appointed) may choose to retire. We believe that the Board needs to put together a succession plan to fill positions as they become vacant with qualified replacements. Attrition is also an opportunity to reassess the positions to ensure that staffing, duties and direction are appropriate to meet current goals, objectives and direction.
- **Reserves for Potential New Capital Projects** – As noted earlier there are several large dollar “nice to have” items that will come before the taxpayers at Town Meeting in the next few years. This Committee, as recommended above, would like the town leaders to come together to endorse a “vision” for the Community and define a timeline and incremental steps for achieving the vision before embarking on a campaign to proceed, in piecemeal fashion, implementation of various capital projects promoted by individual “Petition Warrant Articles”.

Considerable work has been done on this subject by the Capital Improvements Committee (CIPC) which was created to review capital expenditures over a five year period. The CIPC report with an analysis and recommendations of capital projects was presented to the Selectmen in December 2014. This report shows the amount and timeline for all town and school capital expenditures starting in 2015 and the reserves or new funding required to pay for the numerous projects submitted by the town and school managers. The report does not include projects that were presented by “Petition Warrant Articles” which would only be funded by additional tax levies. Capital projects brought forth via citizen petition warrant articles will result in year to year spikes in the tax rates. We strongly recommend that the Selectmen provide leadership in analyzing projects and establishing the necessary Capital Reserves to start funding some of the more viable requests to help avoid the foreseeable tax rate spikes.

- **Consolidation of Shared Services** - During the past several years several town departments along with the school have taken steps to consolidate and coordinate various functions. Library and the School have worked together to achieve more efficient use of personnel and equipment. The ABC recommends that continued efforts, both on a short and medium term basis, be made to find additional savings. The Committee believes that there are economies of scale that could be gained by consolidating efforts for grounds and building maintenance, janitorial services, bulk purchasing of common supplies and consolidated contracts for utilities and Insurance. The Committee would like to see the three groups continue their efforts to collaborate where feasible.

- **Regionalization of Shared Services** –The Town has successfully regionalized its ambulance service over the past several years. More recently, the town has entered into a joint effort to eradicate Milfoil with Tuftonboro and Wolfeboro, entered into a joint agreement to share Code Enforcement services with Holderness and has merged its' Visiting Nurse program with Meredith/Center Harbor. The Committee continues to believe that there are other opportunities that could jointly benefit both the Town of Moultonborough and its neighboring communities (economically and through expanded service offerings). Other disciplines that may lend themselves to regionalization might include Town Prosecutor, Recreation, Senior Services, Welfare, Legal Services, Assessing, Police Dispatch and Waste Disposal. We encourage the Town to actively explore such opportunities.

Additionally, the town should continue to explore opportunities to combine services with County Administration and Operations where feasible. Moultonborough funds approximately 25% of the total County budget and should look to receive commensurate services.

#### **Conclusion:**

As stated above, the operating budget for 2016 as presented by the Town represents a nominal decrease of (1.3%) over the 2015 budget. We believe the departmental operating budgets as presented represent a fair assessment of the cost to operate the Town under its current organization.

Looking beyond the immediate dollar impact of the next twelve months operating budgets it is our observation that the major issues facing this Town include changing demographics, declining enrollment the number and potential dollar impact of the various programs currently being promoted throughout the Community. The ABC believes these are Town-wide issues. The committee strongly supports the current discussions between the select board and planning board to include promoting more business opportunities within the town to attract economic development to encourage a vibrant community. The community needs to come together to support the long term investments of the town.

We continue to believe that the Community will face ongoing challenges but if we move forward as a community these challenges will enhance the town of Moultonborough. It is our belief that the Town has opportunities to provide enhanced services at no added cost through improved cooperation between the elected bodies. Many of the opportunities have been discussed above and in our previous reports. The Committee strongly believes that these are town wide issues and the Community as a whole should come together and support the efforts currently underway. Our leaders should seek shared opportunities and interests that draw our school, retirement, business and summer lakefront communities together.

Respectfully submitted,

*Amanda Bergquist, Chair – ABC*

Moultonborough Advisory Budget committee

Members:	Alan Ballard	(Member at Large)
	Jean Beadle	(Select Board Representative)
	Amanda Bergquist	(Member at large)
	Kathy Garry	(School Board Representative)
	Cody Gray	(Member at large)
	Linda Murray	(Alternate at Large)